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SUBJECT: SMER PARTY CONGRESS PRODUCES NO SURPRISES: FICO IS
IN CHARGE

REF: BRATISLAVA 553

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¶1. (SBU) SUMMARY. Smer ("Direction"), the leading party in Slovakia's governing coalition, unsurprisingly re-elected the Prime Minister, Robert Fico, as Chairman of the party during the annual party congress on September 30. Two of Fico's closest advisors became Vice Chairmen, replacing two internal critics. In his speech to the party members, Fico highlighted GOS accomplishments in the area of social benefits, promised the economy would stay on track to join the euro-zone in 2009, showed distrust of foreign influence in utility monopolies and politics, criticized the opposition including SDKU and SMK members, and said that the official announcement regarding the withdrawal of Slovak troops from Iraq would be made in two weeks. Resounding more strongly than any specific statement, Fico demonstrated that he remains firmly in charge of Smer. END SUMMARY.

FICO STAYS, HIS CRITICS DO NOT

¶2. (SBU) On September 30, the social democratic party Smer re-elected the country's Prime Minister Robert Fico as Chairman of the party. Fico ran unopposed for the position at the annual party congress, held in Trencin. Two of the six Vice Chairman slots changed hands. Former Vice Chairpersons Monika Benova-Flasikova, who as an MEP publicly criticized Fico's inclusion of the xenophobic Slovak National Party (SNS) in the government, and Igor Sulaj, who criticized appointments within Smer and was disappointed not to receive a government position himself, had fallen out of favor with Fico. The party elected Culture Minister Marek Madaric and head of the government office (equivalent to Chief of Staff) Igor Federic as the new Vice Chairmen. Along with Deputy Prime Minister Dusan Caplovic, who is also a party Vice Chairman, Madaric and Federic are believed to be Fico's most trusted advisors. Interior Minister Robert Kalinak, Speaker of parliament Pavol Paska, and Member of European Parliament Vladimir Manka complete the list of Vice Chairmen.

¶3. (SBU) Benova-Flasikova is considering running for mayor of Bratislava. She would leave her MEP post if elected locally. Smer has said the local city branch of the party will determine whether Smer backs Benova-Flasikova or Zuzana Martinakova, Chairwoman of the Free Forum party, a splinter group from the opposition Social Democratic and Christian Union (SDKU) party which did not make it into parliament during the national elections last June. Smer should announce which candidate it will support no later than October 3.

FICO'S LIKES: SOCIAL BENEFITS AND THE EURO IN 2009

¶4. (SBU) Fico highlighted what he sees as the accomplishments of the government so far, policies to benefit the little guy: elimination of nominal fees for doctors' visits and prescriptions, an increase in the minimum wage, and being on track to deliver other social benefits such as a restructuring of income tax deductions to draw more revenue from the wealthy and an increase in benefits paid for the birth of a first child. Despite the higher costs associated with delivering increased social benefits, Fico insisted that Slovakia could fulfill the Maastricht criteria for joining the euro-zone in 2009. (COMMENT. We note that Fico's promises on changes to the tax structure have been markedly toned down from the campaign rhetoric. END COMMENT.)

AND DISLIKES: MONOPOLIES, OPPOSITION, FOREIGN INFLUENCE

¶5. (SBU) Having negotiated with the gas utility SPP, whose minority German and French shareholders have management control, to lower their proposed annual consumer price hike from 16 percent to 4.26 percent, Fico said he was ready to go to battle with other foreign-owned utility monopolies, if necessary. If unsatisfied with other monopoly negotiations, Fico would propose legislative changes to give the regulatory authority more control in the energy sector and resurrect the idea of a separate (i.e., higher) taxation rate for certain monopolies.

¶6. (SBU) Unsurprisingly, Fico criticized numerous aspects of the opposition. He complained of landmines the outgoing SDKU-led coalition left in government policy, such as a deficit in the social security system due to pension reform. He called on the Party of the Hungarian Coalition (SMK) Chairman Bela Bugar to explain his meetings in Budapest and any connection to Hungarian politicians and MEPs. He told the gathering that Smer's membership in the Party of European Socialists (PES) was not yet resolved (reftel). (NOTE. The

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Vice President of PES traveled to Bratislava on October 2 to meet with Fico. END NOTE.)

¶7. (SBU) Fico informed the Smer members that in two weeks' time the government will make the official announcement of the withdrawal of Slovak troops from Iraq. (NOTE. Privately we have heard that although this will be the last rotation of the full contingent, there will be a demining unit follow-on that will concentrate on training. END NOTE.)

ALL HANDS ON DECK, NO ONE LEFT TO TEND THE MOTHERSHIP

¶8. (SBU) Days before the party congress, a new Smer MP told Emboffs that the most unexpected challenge for Smer upon entering government was how to continue the management of the party structure. While in opposition, life for the politicians and assistants had revolved around the party, especially during the campaign. Now that they are in government, nobody is left to run the party structure. Smer has recognized the problem, the MP added, and is actively recruiting workers to staff the Smer office.

¶9. (SBU) COMMENT. The Smer annual party congress brought no notable surprises. Fico remains ever more firmly in charge, with those who have disagreed with him voted out of their leadership positions and closer allies moving up within the party structure. END COMMENT.

VALLEE